

## Rural Utilities Service, USDA

## § 1753.15

and consented to by the borrower and surety, if any.

(3) Four executed copies of the subcontract shall be forwarded to RUS for approval. Upon approval, one copy each will be sent to the borrower, contractor, and subcontractor.

(c) As stated in contract Forms 257, 397, 515, and 525, the contractor shall bear full responsibility for the acts and omissions of the subcontractor and is not relieved of any obligations to the borrower and to the Government under the contract.

(d) As stated in the contract, construction shall not be performed by the subcontractor before approval of the subcontract by RUS.

[54 FR 39267, Sept. 25, 1989. Redesignated at 55 FR 39396, Sept. 27, 1990, and amended at 59 FR 43716, Aug. 25, 1994]

### § 1753.10 Preconstruction conference.

The borrower shall conduct a conference, attended by the borrower, contractor, and resident engineer prior to the beginning of construction to provide an opportunity to discuss and agree on responsibilities, procedures, practices, and methods before the work begins. The borrower shall provide each participant with a copy of the conference results. The GFR shall be invited to attend this conference.

### § 1753.11 Contract amendments.

(a) The borrower must obtain RUS approval before execution of any amendment to a contract if

(1) The amendment alters the terms and conditions of the contract or changes the scope of the project covered by the contract regardless of the amount of the contract before amendment,

(2) The amendment increases the amount to be paid under the contract by 20% or more, or

(3) After amendment, the amount of the contract will be \$100,000 or more.

(b) Prior RUS approval to execute other contract amendments is not required. These amendments are to be submitted after execution to RUS for approval.

(c) For each amendment executed, the borrower shall make certain that:

(1) The contractor's bond covers the additional work to be performed. If the

amendment by itself (or together with preceding amendments) increases the original contract price by 20% or more, a bond extension will be required to bring the penal sum of the bond to the total amended contract price.

(2) If an amendment covers construction in a county or state not included in the original contract, the borrower and contractor are licensed to do business in that location.

(d) Amendments are to be submitted in triplicate to RUS for approval with a copy of the board resolution or a letter signed by an authorized corporate official.

### §§ 1753.12—1753.14 [Reserved]

## Subpart B—Engineering Services

SOURCE: 54 FR 3984, Jan. 27, 1989, unless otherwise noted. Redesignated at 55 FR 39397, Sept. 27, 1990.

### § 1753.15 General.

(a)(1) The standard RUS Loan Documents (*See* 7 CFR part 1758) contain provisions regarding engineering and architectural services performed by or for RUS telephone borrowers. This part implements certain of the provisions by setting forth the requirements and procedures to be followed by borrowers in selecting architects and engineers and obtaining architectural and engineering services by contract or by force account.

(2) Preloan architectural and engineering services may be provided by qualified personnel on the borrower's staff or by consultants. Neither the selection of a preloan architect or engineer by a borrower, nor the contractual arrangements with them, requires RUS approval.

(3) Postloan architectural and engineering services shall be obtained by borrowers from registered architects and engineers licensed in the State in which the facilities will be located, except where RUS has approved the borrower to provide these services by the force account method. When the extent of the proposed major or minor construction is such that the postloan engineering involved is within the capabilities of employees of the borrower's staff, the borrower may request RUS

approval to provide such services. This method of providing engineering services is referred to as force account engineering. Refer to §1753.17(c).

(4)(i) For major construction, services provided by architects and engineers not on the borrower's staff must be provided under Form 165, Architectural Services Contract—Telephone, or Form 217, Postloan Engineering Service Contract—Telephone. These contracts require RUS approval.

(ii) For minor construction, borrowers may use the contracts in §1753.15(a)(4)(i) for postloan architectural or engineering services or any other form of contract, such as Form 245, Engineering Service Contract, Special Services—Telephone. RUS approval of contracts for postloan architectural or engineering services associated with minor construction, except for buildings covered in §1753.15(a)(5), is not required.

(5) For buildings to be constructed with RUS funds, postloan architectural or engineering services shall be obtained if (1) the construction cost exceeds \$50,000 (prefab buildings using manufacturer's specifications approved by RUS are exempt from this requirement) or (2) soil or seismic conditions require special design considerations.

(b) For the purpose of this subpart B:

(1) *Contract*—The services contract between the borrower and its architect or engineer.

(2) *Force Account Engineering*—Any preloan or postloan engineering services performed by the borrower's staff.

(3) *Postloan engineering services*—The design, procurement, and inspection of construction to accomplish the objectives of a loan as stated in a LD approved by RUS.

(4) *Preloan engineering services*—The planning and design work performed in preparing a LD. This consists of helping the borrower determine the objectives for a loan, including consideration of RUS's requirements relating to the modernization plan, selecting the most effective and efficient methods of meeting loan objectives, and preparing the LD which describes the objectives and presents the method selected to meet them.

(c) Single copies of RUS forms and publications cited in this part are

available free from Administrative Services Division, Rural Utilities Service, United States Department of Agriculture, Washington, DC 20250-1500. These forms and publications may be reproduced.

(d)(1) All outside architects and engineers employed by RUS telephone borrowers shall have insurance coverage as required by 7 CFR part 1788.

(2) Borrowers shall ensure that their architects and engineers comply with the insurance requirements of their contracts. See 7 CFR 1788.54.

(e)(1) Borrowers shall make prompt payments to architects and engineers as required by the contract.

(2) RUS shall not make loan funds available for late payment interest charges.

[54 FR 3984, Jan. 27, 1989. Redesignated at 55 FR 39397, Sept. 27, 1990, and amended at 58 FR 66259, Dec. 20, 1993; 59 FR 17464, Apr. 13, 1994]

#### § 1753.16 Architectural services.

(a) The borrower shall be responsible for selecting an architect to perform the architectural services required in the design and construction of buildings.

(b)(1) When contracting for architectural services for major construction, the borrower shall use Form 165, except for unattended central office buildings, in which case either Form 165 or Form 217 shall be used. Except for preloan studies (see 7 CFR part 1737), the borrower shall incur no obligation for architectural services until RUS has approved this agreement. A borrower shall not enter into the architectural services contract for major construction before RUS has approved the borrower's LD.

(2) Reasonable modifications or additions to the terms and provisions in Form 165 may be made in order to obtain the specific services needed for a particular undertaking. Changes shall not be made that relieve the architect of any of the responsibilities set forth in the standard form. Borrowers should obtain assistance from their legal counsel to ensure that the contracts are properly prepared and executed.

(3) If the fee schedule has to be modified in order for the borrower to obtain adequate architectural services, the